

**STATE WATER RESOURCES CONTROL BOARD MEETING
BOARD MEETING SESSION - DIVISION OF ADMINISTRATIVE SERVICES
SEPTEMBER 22, 2021**

ITEM 18

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION ADOPTING EMERGENCY REGULATIONS AMENDING THE ENVIRONMENTAL LABORATORY ACCREDITATION PROGRAM (ELAP) FEE SCHEDULES IN TITLE 22, CALIFORNIA CODE OF REGULATIONS SECTION 64802.25.

DISCUSSION

Senate Bill 839 (2016) (Resources Trailer Bill) amended Health and Safety Code (HSC) section 100829 and requires the State Water Resources Control Board (State Water Board) to adopt a schedule of fees to recover costs incurred for the accreditation of environmental laboratories. HSC section 100829 requires the State Water Board to set the amount of total revenue collected each year through the fee schedule at an amount equal to the amount appropriated by the Legislature in the annual Budget Act from the Environmental Laboratory Improvement Fund (ELIF) for expenditure, taking into account the reserves in the ELIF. The State Water Board is required to review and revise the fees each fiscal year as necessary to conform to the amounts appropriated by the Legislature. HSC section 100829 further states the State Water Board shall adopt the schedule of fees by emergency regulation not subject to review by the Office of Administrative Law.

ELAP fees are used for the following: operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials; and meeting financial reserve needs and requirements.

Financial Condition of the ELIF

As shown in Attachment 1, total budgetary expenditures for FY 21-22 are expected to be \$4.35 million, an increase of 13 percent compared to FY 20-21. As a result of increased staff costs, a return to full staff salaries (removal of furlough salary savings), a pay letter and projected revenue shortfalls, staff anticipates needing to increase revenue by 15.9 percent for FY 21-22. A prudent fund reserve of approximately 10 percent is typically targeted in order to absorb economic uncertainty and other contingencies. However, in an attempt to mitigate the proposed fee increase staff is proposing to go with a minimal fund reserve for FY 21-22 before building it back up in FY 22-23.

Proposed Changes

Staff recommends the following fee changes for FY 2021-22:

- Base Fee: Increase from \$2,500 to \$3,100
- Field of Accreditation (FOA) Fees:

# of FOAs	Current	Proposed
1-10	\$300	\$450
11-49	\$1,000	\$1,150
50-99	\$3,000	\$3,450
100-149	\$5,000	\$5,750
150-249	\$7,000	\$8,050
250-349	\$9,000	\$10,350
350+	\$11,000	\$12,650

- Amendment Application Fee: Eliminate the \$200 flat administrative fee and replace it with a tiered amendment application fee schedule based on the number of FOAs:
 - 1-49 FOAs - \$1,500
 - 50+ FOAs - \$2,500
- Amendment Assessment Fee: Staff is proposing to change from a flat fee of \$1,000 to a fee based on when the request is submitted:
 - Request submitted with a biennial renewal application - \$1,000 (in addition to standard renewal assessment fee of \$5,000)
 - Request submitted separate from biennial renewal application - \$5,000

POLICY ISSUE

Should the State Water Board approve a resolution to adopt amendments to laboratory accreditation fee regulations as proposed by staff?

FISCAL IMPACT

The FY 2021-22 Budget Act includes expenditure authority for the ELIF of approximately \$4.35 million. The proposed fee schedule changes will ensure the projected revenue for the ELIF, when added to the projected fund balance from FY 2020-21, meets the FY 2021-22 budget expenditures.

REGIONAL BOARD IMPACT

No.

STAFF RECOMMENDATION

Staff recommends the State Water Board approve the resolution to adopt regulations to change the current ELAP fee schedules as proposed by staff.